

MARITIME APPROPRIATION AUTHORIZATION ACT

MAY 14, 1984.—Ordered to be printed

Mr. PACKWOOD, from the Committee on Commerce, Science, and Transportation, submitted the following

REPORT

[To accompany S. 2499]

The Committee on Commerce, Science, and Transportation, to which was referred the bill (S. 2499) to authorize the appropriation of funds for certain maritime programs for fiscal year 1985, having considered the same, reports favorably thereon with amendments and recommends that the bill do pass.

PURPOSE OF THE BILL

The bill, as reported, would authorize \$468,557,000 for maritime programs administered by the Maritime Administration (MarAd) for fiscal year 1985 in accordance with section 209 of the Merchant Marine Act, 1936. Activities of the Federal Maritime Commission (FMC) are authorized at \$12,297,000 for fiscal year 1985.

BACKGROUND AND NEEDS

The Merchant Marine Act, 1936, declares the policy of the United States, in the interest of national defense and commercial health, to "foster the development and encourage the maintenance" of a vigorous merchant fleet. The act authorizes certain programs to promote the U.S.-flag merchant marine and private shipbuilding in the United States.

S. 2499 authorizes the appropriation of \$468.557 million for MarAd, while the administration's request is for \$460.480 million. The \$8.077 million difference provides for (1) purchase of fuel oil for the operation of Federally-owned training vessels, (2) additional funding for conversion of the *Santa Mercedes* for use as a training vessel, and (3) retention of existing funding levels for state acade-

my student incentive payments. The bill does not contain funding for construction differential subsidies, as is consistent with the administration's budget.

S. 2499 contains authorizations for three distinct programs of MarAd: Operating Differential Subsidies, Research and Development, and Operations and Training.

OPERATING DIFFERENTIAL SUBSIDIES

Operating differential subsidy (ODS) is paid to U.S. companies to enable them to operate U.S.-flag ships competitively in the U.S. foreign trade by offsetting the excess of U.S. ship operating costs over comparable foreign ship operating costs. Direct subsidies were first provided to American liner operators under the Merchant Marine Act, 1936. The Merchant Marine Act of 1970 expanded the coverage of operating differential subsidies to include bulk carrier ships. The 1970 act also established new procedures for determining subsidy for wages and subsistence.

These are two distinct subsidy programs for bulk carriers: for those carriers engaged in the worldwide trade and for those in the special bulk commodities trade. Carriers in the worldwide trade are under long-term subsidy contracts and provide an established amount of service in this trade. This compares to the program for liner carriers which provide established amounts of service in stipulated trades. Together, these programs comprise the "regular" ODS program. Carriers in the special bulk commodities trade are generally under 1-year contracts, are not required to provide an established level of service, and are paid subsidy only when actively engaged in voyages related to special bulk trades.

The amount requested for operating differential subsidies in 1985 is \$377.750 million. This will support a fleet of 142 ships: 124 liner vessels operated by 8 companies and 18 bulk carriers (primarily tankers) operated by 9 companies. The subsidized liner fleet includes break-bulk vessels, barge-carrying (LASH) vessels, and roll-on/roll-off vessels that can be used for military deployment—as well as containerhips for resupply. The sums requested for operating differential subsidy are for liquidation of contract authority granted to the secretary on section 603 of the Merchant Marine Act, 1936. Most existing operating contracts will terminate in the mid to late 1990's.

The amount of this subsidy has decreased from \$454.010 million in 1983 to \$401.294 million in 1984, and for 1985 the amount is \$377.750 million. These decreases are primarily the result of a carryover of funds from prior years because of a reduction in the actual number of ship-years of operation. However, the effect of the employment of more low-wage crews by foreign-flag operators by shifting from national crews to nonnational crews—in addition to reduced crew size in foreign-flag vessels—is expected to magnify the wage differential. Wages presently account for approximately 90 percent of total ODS expenditures.

Wage differentials are determined through the use of a wage subsidy index system based on a Bureau of Labor Statistics index for wages and benefits in private industry. The wage subsidy index system is designed to limit subsidizable wage costs to the national

trend of wage increases in private industry. Work rules in this industry, however, vary greatly from those in other transportation modes, making wage comparisons inappropriate.

The Committee recommends authorization of the full amount requested.

RESEARCH AND DEVELOPMENT

The maritime research and development program develops concepts, methods, systems, and equipment to improve productivity and operating efficiency in the U.S. shipbuilding and ship operating industries. Programs are aimed at the development of information and technology that will result in lower shipbuilding costs, operating costs, and government subsidies for both ship construction and operation. Substantial participation by industry is obtained through cost-sharing and joint industry-government projects.

The administration requested an authorization level of \$10 million which is the same as contained in S. 2499 as introduced. Of this request, a total of \$7 million is to be funded by the transfer of unobligated balances from the ship construction appropriation. The 1985 level of \$10 million reflects a decrease of \$1.385 million from the prior year due to selective reductions in lower priority projects in applied research.

OPERATIONS AND TRAINING

This part authorizes funding for various operational and training activities of the MarAd. These include salaries and other expenses for the operation of the Federal Merchant Marine Academy, for additional Federal training programs, and for financial assistance to State maritime academies. This part also provides funding authority for national security support programs, for emergency planning and operation programs, and for general operating expenses not separately authorized. The administration requested \$72.730 million, but the bill, as introduced requested \$80.807 million. The difference reflects \$8.077 million in assistance to State maritime academies. The administration's request represents about a \$0.5 million reduction in the amount authorized and appropriated for the prior fiscal year. In certain programs where there are increases, the increases have been offset by decreases in personnel costs and other costs. Personnel restrictions are expected to be made in field offices, foreign offices, and in those offices involved in the construction differential subsidy program.

Federal Maritime Academy

MarAd operates the U.S. Merchant Marine Academy at Kings Point, N.Y., where U.S. citizens are trained to become merchant marine officers. The Academy has a present enrollment of 1,065, with an entering enrollment of 325 and a graduating class size of 237 students. MarAd feels that, due to the oversupply of merchant marine officers, their 1984 enrollment reduction by 10 percent can be repeated in 1985 by another 10 percent. Graduates are generally employed at sea as deck or engineering officers or ashore in the maritime industry.

The amount requested by the administration is \$21.94 million which is the same as the requested in S. 2499. This provides for the operation of the base program of the Academy, which offers a 4-year undergraduate program that leads to a Bachelor of Science degree and a Coast Guard-issued merchant marine license as a third mate or third assistant engineer. The students are also enrolled as midshipmen in the U.S. Naval Reserve and, if eligible, are commissioned as ensigns in the U.S. Naval Reserve. This will also provide \$0.64 million for continuation of the facilities modernization program and \$2.34 million for the beginning of the renovation of barracks service areas. The Committee adopted the administration's funding request.

State maritime academies

MarAd administers government payments and student incentive payments to six State maritime academies that are located in Maine, New York, Massachusetts, California, Texas, and Michigan. These schools have a total enrollment of about 3,000 and graduates about 600 students annually. Graduates are generally employed at sea as deck or engineering officers or ashore in the maritime industry.

The administration's request is for \$11.123 million; however, S. 2499 provides for \$19.2 million in aid to State maritime academies. This difference reflects \$3 million in fuel oil assistance to State maritime academy training vessels, \$0.077 million for retention of existing student incentive payments and \$5 million for conversion of the *Santa Mercedes*.

These federally owned vessels assist the Academies in the training of merchant marine and Naval Reserve officers and are operated and maintained by the respective State academies. While the State educational systems have provided considerable funding and manpower assistance to keep these vessels in an excellent state of readiness, the high cost of fuel oil has imposed a significant burden. This issue was first raised during the debate that led to the enactment of the Maritime Education and Training Act of 1980 (Public Law 96-453) when there was considerable concern over the need to provide for fuel oil assistance. While this assistance was not mandated by the act, the hearings generated a widely-held understanding that this annual assistance would be provided. After enactment, the administration supported fuel oil assistance for fiscal year 1981 at \$850,000, which was appropriated. The State maritime academies received no other fuel oil assistance until \$3 million was appropriated for fiscal year 1984. The same amount has been included in S. 2499 for fiscal year 1985. This is intended to provide for sufficient fuel for nighttime underway training, ship-handling exercises, casualty drills, and other training evolutions that would not otherwise be possible.

The administration proposed to reduce student incentive payments by \$77,000 as a first step in a 4-year program to reduce the total number of these payments by 50 percent. These payments amount to \$1,200 per academic year for each cadet. The incoming first-year student incentive allocation is set at 644 students with a total of slightly more than 2,000 allocations at the State academies at any one time. The rationale for the administration's proposed re-

duction is based on the decline in the number of U.S.-flag vessels in operation and, therefore, funding at current levels is not justified due to the oversupply of merchant marine officers. The administration stated that providing a Federally-sponsored incentive to students to enter the marine industry (an industry that has been and continues to see diminishing employment opportunities) is grossly misleading and unfair to the student contemplating various career opportunities.

The Committee felt that the administration's contemplated first time reduction of the long-standing student incentive payment program should have been called to the Committee's attention during the formative stages to permit a timely evaluation of all available documentary data and, therefore, chose to retain existing student incentive payments.

The Committee was informed that MarAd had purchased the *Santa Mercedes* from Prudential Lines for about \$4.2 million as a replacement for the training vessel *Bay State*, which suffered a total constructive loss as the result of an engine room fire. A total of \$10 million has been carried over from fiscal year 1984 to acquire and convert a ship to replace the *Bay State*. After the purchase, \$5.8 remains available for towing and conversion of the *Santa Mercedes* for use as a school ship. MarAd intends to complete conversion and delivery to the State of Massachusetts by July 1, 1985. The Committee, however, received testimony questioning the adequacy of funding to permit a timely and adequate conversion. The Committee subsequently adopted an amendment adding \$5 million for this purpose.

Additional training

Section 1305 of the Merchant Marine Act, 1936, as amended, authorizes MarAd to prescribe, conduct, and supervise courses of instruction it deems necessary to supplement other training facilities. Under the current program, eligible personnel are provided training in shipboard firefighting, use of collision avoidance radar, gyro compass operation and maintenance, use of loran, and operation and maintenance of medium- and slow-speed diesel propulsion engines. The basic objectives of this program are to assist in providing a trained shipboard work force, improve safety of life and property in shipboard operations, and prevent shipboard pollution resulting from ship collisions, groundings, and fires. User charges are levied for radar and diesel engine courses. The administration requested, and the Committee authorized, \$1.410 million to permit continuation of these training programs.

NATIONAL SECURITY SUPPORT CAPABILITIES

National security support capabilities include expenses associated with maintenance of the National Defense Reserve Fleet (NDRF) and the emergency operations program. Each program is directly supportive of MarAd's national security responsibilities. The reserve fleet program provides for preservation, maintenance, and security of ships in the NDRF and for administration of the ship transfer and ship disposal programs.

The NDRF provides an inventory of ships to supplement the active fleet in times of war and national emergency. The fleet is the only source of reserve breakbulk shipping capacity available to the United States during a military or commercial shipping crisis. Reserve fleet sites are also used as repositories for ships awaiting disposal. Within the NDRF, a subset of ships selected by the Navy is being maintained in a higher state of readiness to permit full activation within 5-10 days of notification. This subset of ships is referred to as the Ready Reserve Fleet. The emergency planning/operations program develops plans and procedures to ensure continuity and control of maritime operations in time of national emergency, and insures seamen, and private shipping against loss in time of war. The administration requested, and the Committee authorized, \$9.111 million to continue these support programs.

OTHER OPERATING EXPENSES

This item provides funding for overall agency program direction and administration and for general administration not directly assignable to specific programs; for administration of the subsidy and the research and development programs; and for the direction and administration of the following programs: Capital Construction Fund, Advanced Ship Development and Construction, Maritime Labor and Education, Civil Rights, Emergency Planning Operations, Market Development, Advanced Ship Operations Systems, Port and Intermodal Systems, and Domestic Shipping. The administration requested, and the Committee authorized, \$29.146 million for these operating expenses.

FEDERAL MARITIME COMMISSION

S. 2499 also authorizes activities of the FMC at the administration's requested level of \$12.292 million for fiscal year 85. This is an increase of \$1.35 million above the fiscal year 84 budget of \$10.95 million. The increase is due primarily to organizational and operational changes made necessary by enactment of the Shipping Act of 1984 (Public Law 98-237).

LEGISLATIVE HISTORY

Senators Stevens and Packwood introduced S. 2499 on March 29, 1984. The Merchant Subcommittee held a hearing on S. 2499, on April 5, 1984, at which representatives of MarAd, Department of the Navy, the Council of American-Flag Ship Operators, the Shipbuilder's Council of America, and the State maritime academies testified. Other interested parties submitted statements for the record, including the FMC. On April 10, 1984, the Committee ordered S. 2499 reported with amendments.

An earlier bill, S. 1037, to authorize MarAd appropriations for fiscal years 1984 and 1985, was ordered reported by the Committee on April 21, 1983 and passed by the Senate on April 28, 1983. The House of Representatives had not taken up S. 1037 as of the date of this report.

ESTIMATED COSTS

In accordance with paragraph 11(a) of rule XXVI of the Standing Rules of the Senate and section 403 of the Congressional Budget Act of 1974, the Committee provides the following cost estimate, prepared by the Congressional Budget Office:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, D.C., May 1, 1984.

Hon. BOB PACKWOOD,
Chairman, Committee on Commerce, Science and Transportation,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the attached cost estimate for S. 2499, the Maritime Appropriation Authorization Act for Fiscal Year 1985.

If you wish further details on this estimate, we will be pleased to provide them.

Sincerely,

RUDOLPH G. PENNER, *Director.*

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE—MAY 1, 1984

1. Bill number: S. 2499.

2. Bill title: Maritime Appropriation Authorization Act of fiscal year 1985.

3. Bill status: As ordered reported by the Senate Committee on Commerce, Science and Transportation, April 10, 1984.

Bill purpose: The bill authorizes fiscal year 1985 appropriations of \$10 million for research and development activities and \$80.8 million for operations and training activities of the Department of Transportation's Maritime Administration. The bill also authorizes \$377.7 million for fiscal year 1985 for liquidation of contract authority for operating-differential subsidies. In addition, \$12.3 million is authorized to be appropriated for the Federal Maritime Commission.

The President also requested \$10 million for research and development activities for 1985, including a \$7 million transfer from the unobligated balances of the ship construction account. For operations and training, however, the President requested only \$72.7 million, \$9 million lower than the level authorized by the bill. Funding for the two programs for 1984 totalled \$85 million. The President requested \$12.3 million for the Federal Maritime Commission, the same amount authorized by this bill; \$10.8 million has been appropriated for the Commission in 1984.

5. Estimated cost to the Federal Government:

[By fiscal years, in millions of dollars]

	1985	1986	1987	1988	1989
Authorization level.....	103				
Estimated outlays.....	82	17	4		

The estimated costs for operating-differential subsidies are not included in the above table because the funding does not represent new budget authority; it is needed, however, to liquidate obligations under existing contract authority.

The costs of this bill fall within budget function 400.

BASIS OF ESTIMATE

This estimate assumes that the full amounts authorized for fiscal year 1985 will be appropriated prior to the beginning of the fiscal year. Estimated outlays are based on historical spending patterns.

6. Estimated cost to State and local governments: None.

7. Estimate comparison: None.

Previous CBO estimate: On March 21, 1984, the CBO prepared a cost estimate for H.R. 4706, as ordered reported by the House Committee on Merchant Marine and Fisheries, March 14, 1984. That bill authorized funding levels for research and development activities, operations and training activities, and liquidation of contract authority for operating-differential subsidies that were identical to the levels authorized by this bill. H.R. 4706 did not, however, authorize appropriations for the Federal Maritime Commission. The estimated cost reflect this difference.

9. Estimate prepared by Kathleen Kelly.

10. Estimate approved by James L. Blum, Assistant Director for Budget Analysis.

REGULATORY IMPACT STATEMENT

In accordance with paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee provides the following evaluation of the regulatory impact of the legislation:

S. 2499 authorizes only ongoing maritime programs and does not increase the scope of involvement in these programs by either the Secretary of Transportation or the FMC.

(A) *Number of persons covered.*—No individuals or businesses would be subject to additional regulation.

(B) *Economic impact.*—The economic impact of existing regulation is not changed by this bill.

(C) *Privacy.*—The bill does not affect the privacy of individuals.

(D) *Paperwork.*—No additional reporting requirements are imposed by the bill. Funding for word processing equipment for the FMC should decrease the internal paperwork of the agency.

SECTION-BY-SECTION ANALYSIS

Section 1.—This section contains the short title.

Section 2.—This section authorizes a total of \$468,557,000 for various maritime programs of the Department of Transportation for fiscal year 1985. With minor exceptions, the bill is consistent with the administration's request and does not include any funding for construction differential subsidies. It does, however, include additional funding for fuel oil for training vessels of the State maritime academies, for continuing existing student incentive payments, and for conversion of the *Santa Mercedes* to a training vessel. The total amount authorized is an overall decrease of \$17,405,000, or about 4

percent, below the amount authorized and appropriated for fiscal year 1984.

The programs are for the promotion of the development and maintenance of an American merchant marine for domestic and foreign trade and for defense requirements. The specific authorizations are as follows:

(a) Liner and bulk carrier operations

This clause authorizes \$377,750,000 for obligations incurred for operating differential subsidy. These obligations are the primary means of Federal support for the competitive operation of the U.S.-flag merchant fleet engaged in the foreign commerce of the United States.

The 1985 budget authority includes estimated liabilities for operation of 142 ships. Of these vessels 124 are projected for operation by 8 liner operators; 18 are projected for operation by 9 bulk carrier operators.

This program is necessary for the promotion and maintenance of a U.S.-flag merchant marine capable of providing liner shipping services in essential routes and bulk shipping services in support of the economic security and the national defense of the United States.

(b) Research and development

This clause authorizes \$10 million for expenses for research and development activities of MarAd. These activities include programs that develop concepts, methods, systems, and equipment to improve productivity and operating efficiency in the shipbuilding and ship-operating industries. The resulting information and technology helps lower costs to both the industry and the government. Many of the projects are cost-shared with industry. Of the \$10 million, a total of \$7 million will be funded from prior unobligated balances of the ship construction fund.

(c) Operations and training

This clause authorizes \$80,807,000 for financing the costs incurred for the operating and training programs of MarAd. A total of \$7,506,000 of this amount is authorized for the preservation and maintenance of ships retained in the National Defense Reserve Fleet and \$1,605,000 for emergency planning.

This clause includes authorization of \$42,550,000 for maritime training and education programs at the Merchant Marine Academy at Kings Point, N.Y. and at the State maritime academies, as well as for supplemental training programs of MarAd. The Federal academy is authorized \$21,940,000 to develop and maintain a four-year undergraduate program that leads to a Bachelor of Science degree and to a merchant marine officer's license as third mate or assistant engineer. In addition to training for the merchant marine, many midshipmen are commissioned as ensigns in the Naval Reserve.

Six State maritime academies are assisted by authorizing \$16,200,000 for their operation—which includes the alteration, maintenance, and repair of four training vessels. The sum of \$5 million is being provided to assure the conversion of the *Santa*

Mercedes to a training vessel for delivery to the State of Massachusetts by July 1, 1985. Another sum of \$3 million is being provided for the cost of fuel consumed by these vessels when used for training purposes.

Funding for supplementary training at \$1,410,000 is authorized for administering and operating regional schools that provide training in collision avoidance radar, shipboard firefighting, and for marine diesel engineering.

All other operations and in-house training programs are authorized at a level of \$29,146,000.

Section 3.—This section authorizes \$12,292,000 for the use of the FMC in fiscal year 1985. This is identical to the administration's request and is an increase of \$1,346,000 above the fiscal year 1984 budget. The increase includes \$455,000 for personal services; \$415,000 for office space rental increases; \$121,000 to enable the FMC to complete its acquisition of word processing equipment for its field offices and replacement of obsolete equipment at headquarters; \$105,000 for other services and supplies; and, \$250,000 to enable the FMC to acquire and further develop necessary and relevant ocean shipping market information.

AGENCY COMMENTS

FEDERAL MARITIME COMMISSION,
OFFICE OF THE CHAIRMAN,
Washington, D.C. March 27, 1984.

HON. TED STEVENS,
*Merchant Marine Subcommittee, Committee on Commerce, Science
and Transportation, U.S. Senate, Washington, D.C.*

DEAR SENATOR STEVENS: The Federal Maritime Commission has prepared its budget estimates for the fiscal year 1985. As Chairman of the Senate Commerce Committee's Merchant Marine Subcommittee, I thought you should know what that budget comprises. Appropriations for the FMC are made through the Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Bill. In light of the recent enactment of the Shipping Act of 1984, this budget should be of particular interest to you in that it reflects organizational and operational changes necessitated by new provisions in the law. For the most part, we have anticipated our fiscal budgetary requirements under the new law and have planned accordingly. This submission is fully consistent with the President's budget as submitted to the Congress in January.

Specifically, our fiscal year 1985 budget estimates in the amount of \$12,292,000 provide funding for 239 total workyears of employment. Including pay supplementals, this is an increase of \$1,346,000 above the \$10,946,000 budget for 1984. This increase comprises \$455,000 for personal services; \$415,000 for SLUC rates increased by the General Services Administration; \$121,000 to enable the Commission to complete its acquisition of word processing equipment for its field offices and replacement of obsolete equipment at headquarters; \$105,000 for other services and supplies; and, \$250,000 to enable the Commission to acquire and further develop necessary and relevant ocean shipping market information.

By way of background, market information in this context means the total percentage of cargo transported by individual steamship companies in the foreign commerce of the United States (market shares), as well as commodity-specific information for any given ocean trade. This information is critical to the statutory responsibilities of the Commission under the recently passed Shipping Act of 1984. Under section 18 of this new law, the development of this data is mandatory.

Let me take this opportunity to give you an overview of the Commission's activities and accomplishments during this last fiscal year. The Commission is responsible for the regulation of ocean carriers in the U.S. foreign and domestic offshore trades. The FMC investigates discriminatory rates and practices among shippers, carriers, terminal operators, and freight forwarders operating in the U.S. ocean commerce; licenses independent ocean freight forwarders; provides passenger vessel certification and, until September, 1983, certified that vessels in U.S. waters were financially responsible for the clean-up of pollution by oil and hazardous substances. This responsibility was transferred to the Department of Transportation in September 1983.

During fiscal year 1983, the Commission issued 330 final decisions. Of these, 58 were formal proceedings, 116 involved special docket applications, 143 were informal dockets involving shippers' small claims against ocean carriers, and 13 related to rulemaking proceedings.

The Commission collected a total of \$1,562,000, which was subsequently deposited with the U.S. Treasury. This included \$1,065,000 for fines and penalties related to various violations; \$372,000 for water pollution application and certification fees; \$67,000 for freight forwarder licensing fees; \$30,000 for publications and reproductions; and \$28,000 for special permission and special docket application fees. The revenue collected represents 13 percent of the Commission's 1983 operating expenses. Through the assistance of the FMC's Office of Informal Inquiries and Complaints, the shipping public was able to recover more than \$185,000 directly from commercial entities.

As I have indicated, responsibility regarding certification of vessels for oil spill liability was transferred to the Department of Transportation of 1983. The Commission, together with OMB, hopes to realize similar benefits for the agency and the public in seeking transfer to the Coast Guard of the Commission's jurisdiction over passenger vessel operators under sections 2 and 3 of Public Law 89-777. This additional transfer is another step in the Commission's effort to better focus operations on fulfilling the FMC's primary mission, thus providing better, more consistent service to all segments of the industry and the regulated public. The Commission anticipates that this action will allow for a workforce reduction of two full-time positions and budget authority reductions of \$71,000. The 1985 budget fully reflects these changes. I look forward to having your support for this proposal. Additional information will be provided to you and the Commerce Committee shortly.

Several months ago, the Commission took the first step in what could amount to sweeping changes for the U.S. maritime industry

and the filing of tariffs. In a public announcement, the Commission requested public comment on its plan to promote development of an automated tariff filing system by the private sector. It is envisioned that a paperless electronic system for the filing, storage, and retrieval of tariff information could realistically be developed to service the needs of the Commission, as well as to satisfy the needs of the many and varied interests that use this information in the conduct of U.S., foreign and domestic commerce. The development and operation of such a system would be subject to oversight by the FMC and, if legally feasible, undertaken at no expense to the Federal Government.

At the close of fiscal year 1983, the Commission initiated a Notice of Inquiry for the purpose of soliciting public comment on the regulation of ports and marine terminal operators under the Shipping Act, 1916. The issues to be addressed include the filing and approval of terminal agreements, the need for continued anti-trust immunity for marine terminal operators, and the Commission's future role in marine terminal regulation.

The Commission has undertaken a major effort to modernize policies and regulations so that the Government minimizes unnecessary intervention in commercial shipping operations in the United States. The FMC is especially proud of its accomplishments during the past several years because this great progress has been achieved while maintaining a high level of cost-consciousness and a program of fiscal austerity. The Commission is committed to the President's goal to reduce the growth in the size of the Federal Government and to bring spending by the Federal Government under control. Current programs have been fully reviewed and numerous activities have been diligently pursued to modernize the agency, better deploy the talent and experience available to the Commission, and prepare the FMC for new legislation and the sweeping changes that will result. Now, the Federal Maritime Commission has a more effective and efficient operation, one that is better prepared to fulfill the FMC's primary statutory mission. This has been accomplished well within budget and the agency continues to make the best use of the resources provided.

Should you have any questions regarding the Federal Maritime Commission's budget for fiscal year 1985, please do not hesitate to contact me at 523-5911. I sincerely appreciate the opportunity to make this information known to you and look forward to working closely together in the coming years.

Sincerely,

ALAN GREEN, Jr., *Chairman.*

CHANGES IN EXISTING LAW

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, the committee states that the bill as reported would make no change to existing law.